


# ALERT! ALERT! ALERT!

---

General Support Services  
Office of the State Controller  
1525 Sherman St., Ste 250  
Denver CO 80203  
Phone: (303) 866-3281  
Fax: (303) 866-4233

## ALERT #108

TO: Department Controllers, Fiscal Officers and Other Interested Parties

FROM: Clifford W. Hall   
State Controller

DATE: December 12, 1997

SUBJECT: *Additional Guidance on Recording Incentive Awards for State Employees*

---

### Additional Guidance on Recording Incentive Awards for State Employees

On March 19, 1997, an SCO Alert # 99 was issued which provided additional guidance on paying and recording incentive awards for state employees. The Alert stated that cash incentive awards should be disbursed through the accounts payable system (COFRS). Higher education institutions could use any of their systems, other than CPPS, to make the disbursements. The Alert also stated that the agency controller needed to ensure that any employee incentive awards reportable on an employee's W-2 were properly and timely reported to central payroll through CPPS.

Subsequent to that Alert, we have received comments indicating that the requirement to use COFRS to make incentive award disbursements is causing agencies additional work. As a result, the following options are now available to agencies to disburse incentive awards.

- Agencies can continue to use COFRS, or for institutions of higher education any of their systems, to disburse incentive awards. It is the controller's responsibility to ensure the incentive awards are properly recorded on COFRS and, where applicable, reported timely to central payroll through CPPS.
- Agencies and institutions of higher education, where applicable, can choose to use CPPS to disburse the incentive awards. When using CPPS, you can either choose to include the award in the next scheduled payroll or issue a separate warrant. If you choose to issue a separate warrant for the award, it will be issued as part of a regularly scheduled payroll (bi-weekly or monthly).

For this calendar year, Central Payroll urges agency controllers that use CPPS to process payroll to ensure that all employee incentive awards, whether issued through CPPS or COFRS, be reported to their payroll officers by December 19, 1997. It is important for year end tax purposes that central payroll have the necessary information so that tax withholdings can be properly calculated and withheld.

Questions about the administrative process to capture incentive awards for tax purposes should be addressed to the agency payroll officer or the state payroll office at (303)866-3810. Any other questions may be directed to the SCO.

